

**TISKOVÁ ZPRÁVA**  
**PRESS RELEASE**  
6 may 2008

## **Reaction to the press release for the "Net in Hand" (Čisté v ruce) civic initiative**

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In the month of April an anonymous internet presentation was posted on [www.cistevruce.com](http://www.cistevruce.com), which included unsigned reports. On April 30th, 2008 the information posted on this site was then distributed by the unknown author in the form of a press release.

MVV Energie CZ s.r.o. and Teplárna Liberec, a.s. object to the claims made in this press release and in articles on the website [www.cistevruce.com](http://www.cistevruce.com).

### ***Doubting the validity of the prices billed for heat in the article***

Teplárna Liberec, a.s. establishes the price of thermal energy in accordance with current price decisions of the Energy Regulation Office (ERÚ). All prices are checked here by the State Energy Inspectorate (not the State Trade Inspectorate as claimed by the unknown author of the press release) which over the past year has not determined any shortcomings in its supervision of the price of heat, and to the contrary during the most recent inspection found the price of heat to be lower than allowed for by regulation.

The assertion that „other heating plants in the Czech Republic have prices roughly 20% lower“ is misleading. The costs of Teplárna Liberec, a.s. correspond to the costs of similar generation facilities in the Czech Republic and these costs are the basis for the price of heat. It is not possible here to compare costs from other localities, because there are different conditions in each area. The current price of thermal energy in Czech cities can be verified on the internet directly on the website of the Energy Regulation Office at [www.eru.cz](http://www.eru.cz).

At Teplárna Liberec, a.s. there are no illegal practices or machinations as stated in the text press release.

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A public tender was held for the supply of heating oils in the MVV Energie CZ Group and since 1.1.2008 fuel has been supplied by a single supplier, who submitted the lowest bid. The current price of purchased fuel is derived from the movement of the prices for gas and crude oil on the world commodity markets and is calculated by a formula. The obligation of the selected supplier is to supply such fuel so as to guarantee the contractually and legally established sulfur dioxide emissions. With each delivery of heating oil Teplárna Liberec, a.s. always receives certification of the quality of the heating oil according to the specifications of ČSN 65 7991 Z1. Teplárna Liberec, a.s. uses a continual emissions measurement system so speculation about the use of lower quality fuel is nonsensical. The use of lower quality fuel would also immediately become apparent upon burning. The quality of heating oil is strictly monitored at Teplárna Liberec, a.s. by its own laboratories, while any possible disputes are resolved by an external accredited laboratory.

The comparison of last year's prices of masut from further unspecified sources do not even agree with the average price of heavy heating oils. According to the Czech Statistical Office this was 8,165 CZK for 2007 including VAT. Information in the article is incorrect and their unknown author compares last year's prices when the price for crude oil was 40 USD/barrel with calculations for this year, when the price of oil has fluctuated around 115 USD/barrel. Aside from this it is necessary to consider additional costs for the masut operations of the supplier, which of course are reflected in the final price.

The growth of sales of the German parent company MVV Energie AG by 10-15% is due to new acquisitions and an increase in prices of fuel outputs, which are particularly tied to the world prices of Crude oil and coal. MVV Energie AG is a stable and growing group, which invests in ecological projects for the incineration of waste and energy conservation projects (all information about the company is publicly available at [www.mvv.de](http://www.mvv.de)).

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## **Reactions to certain other accusations**

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### ***The claim that Teplárna Liberec, a.s. is profiting illegally from cheap heat from the incinerator...***

The relationship of Teplárna Liberec, a.s with TERMIZO a.s., the company which operates the municipal waste incinerator in Liberec, is purely business and thus founded on a commercial basis. Heat from the incinerator is a commercial commodity and its price corresponds to the generation price from other fuels of Teplárna Liberec, a.s., i.e. heavy heating oils. Heat from the incinerator is not only „released“ to customers as stated by the unknown author, but it must be transmitted through the entire heat distribution network ultimately to households, just like the heat generated by Teplárna Liberec, a.s.

### ***The claim that the poor state of pipelines is negligence...***

Losses in the heat pipelines of Teplárna Liberec, a.s. are comparable with heat generating systems of similar technological composition. Each year Teplárna Liberec, a.s. invests millions into improving and modernizing its delivery network.

### ***The claim that lease contracts are a reason for high prices...***

Teplárna Liberec, a.s. was at the time of its inception founded in a manner where it did not own all of the physical plant, but instead leased part of it (the amount of rent charged by the owners of these assets has already been reviewed several times in the past without objection by appropriate state bodies). To purchase the entire physical plant Teplárna Liberec, a.s. would have to spend hundreds of millions, which would increase the price of heat.

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Here it is also necessary to mention that Teplárna Liberec, a.s. expects a profit of less than 10 mil.CZK this year. If Teplárna Liberec, a.s. did not adjust its rates this year, then by the end of the year it would have been several million crowns in debt and would not even be able to cover its costs.

***The claim that the heating plant raises its prices immediately when there are fluctuations in the price of fuel...***

The price of heating oil for Teplárna Liberec, a.s. is determined as a price formula and is updated for every month. The consumption component of the dual component price must correspond to the actual annual costs. This fact is ascertained each year by the State Energy Inspectorate.

### **Profile of Teplárna Liberec, a.s., member of the MVV Energie CZ Group**

The founders of Teplárna Liberec, a.s. were in 1995 Severočeské teplárny, a.s. and the City of Liberec. The history of heat generation in Liberec however dates back to 1972, when construction was begun by CZT. On 4.1.2007 the most recent change of shareholders took place when 70% of shares were purchased from United Energy právní nástupce, a.s. by the company ENERGIE Holding a.s., belonging to MVV Energie CZ. The second shareholder with a 30% share is the City of Liberec.

The change in majority shareholder in 2007 did not result in any negative changes for consumers and energy prices remained stable in that year. As of 1.1.2008 Teplárna Liberec, a.s. began to apply a more fair and transparent system for energy billing using dual-component prices.

For more information on the MVV Energie CZ Group see [www.mvv.cz](http://www.mvv.cz).

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